

Press Releases

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OTS 99-55 - First Tennessee to Use Thrift Charter for LPOs and Traditional Products

Office of Thrift Supervision

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For further information

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First Tennessee to Use Thrift Charter for LPOs and Traditional Products

WASHINGTON, D.C., Aug. 23, 1999 - The Office of Thrift Supervision (OTS) has granted a federal thrift charter to First Tennessee National Corporation, a Memphis bank holding company, to form a thrift institution based in Bristol, Va. The new thrift, First Horizon, FSB, will operate 65 loan production offices (LPOs) providing both prime and subprime consumer loans to customers as well as other traditional thrift products and services.

The thrift will acquire the LPO business from another First Tennessee subsidiary. Besides its home office in Bristol, which will be open to the public, First Horizon plans to open a traditional branch office in Dallas primarily to serve employees of FT Mortgage Companies, also a subsidiary of First Tennessee. First Tennessee, with assets of more than \$18 billion and nationwide operations, remains a bank holding company supervised by the Federal Reserve.

Because First Horizon will have approximately 45 percent of its portfolio in subprime loans, OTS is requiring the thrift to maintain a capital ratio of 12 percent - above the level for well capitalized - on all loans other than those secured by real estate that have a loan-to-value ratio of 80 percent or less, plus 8 percent of all remaining assets.

OTS is requiring that the thrift submit quarterly reports on asset quality, including information on loans past due 90 days or more and charge-offs by loan category, and the institution must obtain OTS approval for any material change in its business plan.

First Horizon agreed to appoint a compliance officer and develop a comprehensive compliance management program that covers all consumer protection laws and regulations and provides for appropriate training of staff. In addition, First Horizon must ensure that officers and directors follow rules and regulations governing corporate opportunity and conflicts of interest. It also must adhere to interagency policies on the sale of insured and noninsured products, maintain thrift operations independent of any brokerage business and comply with interagency guidance on Year 2000 readiness.

First Tennessee

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.